

108TH CONGRESS  
1ST SESSION

# H. R. 3613

To amend the Internal Revenue Code of 1986 to provide for the disclosure of return information for student financial assistance purposes.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 21, 2003

Mr. SAM JOHNSON of Texas (for himself, Mr. BOEHNER, and Mr. HOUGHTON) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide for the disclosure of return information for student financial assistance purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Student Aid Stream-  
5 lined Disclosure Act of 2003”.

6 **SEC. 2. DISCLOSURE OF TAX RETURN INFORMATION FOR**  
7 **STUDENT AID PURPOSES.**

8 (a) IN GENERAL.—Subsection (l) of section 6103 of  
9 the Internal Revenue Code of 1986 (relating to disclosure

1 of returns and return information for purposes other than  
 2 tax administration) is amended to read as follows:

3 “(13) DISCLOSURE OF RETURN INFORMATION  
 4 FOR STUDENT FINANCIAL ASSISTANCE PURPOSES.—

5 “(A) FULL DISCLOSURE TO DEPARTMENT  
 6 OF EDUCATION.—The Secretary may, with re-  
 7 spect to a person described in subparagraph  
 8 (F)(i) and upon written request from the Sec-  
 9 retary of Education, disclose to the officers and  
 10 employees of the Department of Education for  
 11 the purposes described in subparagraph (E)—

12 “(i) taxpayer identity information,  
 13 and

14 “(ii) the following items in the case of  
 15 a material discrepancy between the infor-  
 16 mation reported, directly or indirectly, to  
 17 officers, employees, and contractors of the  
 18 Department of Education and the fol-  
 19 lowing items:

20 “(I) The filing status of that tax-  
 21 payer.

22 “(II) The adjusted gross income  
 23 of that taxpayer.

24 “(III) The total earnings from  
 25 employment (including net earnings

1 from self-employment) of that tax-  
2 payer.

3 “(IV) The Federal income tax li-  
4 ability of that taxpayer.

5 “(V) The type of tax return filed  
6 by that taxpayer.

7 “(B) REDISCLOSURE TO CONTRACTORS.—  
8 Officers and employees of the Department of  
9 Education may disclose to contractors whether  
10 a material discrepancy between items reported,  
11 directly or indirectly, to an officer, employee, or  
12 contractor of the Department of Education and  
13 any of the items described in subparagraph  
14 (A)(ii) would result in an over or under award  
15 of grants or loans under title IV of the Higher  
16 Education Act of 1965.

17 “(C) FACT OF DISCREPANCY REDISCLO-  
18 SURE OF INFORMATION.—

19 “(i) IN GENERAL.—Subject to sub-  
20 paragraphs (D) and (E), officers, employ-  
21 ees, and contractors of the Department of  
22 Education may, with respect to an applica-  
23 tion for assistance under title IV of the  
24 Higher Education Act of 1965, disclose to  
25 persons described in clauses (ii) and (iii)—

1           “(I) the fact of a material dis-  
2           crepancy between items reported, di-  
3           rectly or indirectly, to such officers,  
4           employees, or contractors and any of  
5           the items described in subparagraph  
6           (A)(ii), and

7           “(II) whether such items as  
8           shown on the return are greater than  
9           or less than such items as reported to  
10          the Department of Education.

11          “(ii) APPLICANT.—The person de-  
12          scribed in this clause is the applicant de-  
13          scribed in subclause (I) or (II) of subpara-  
14          graph (F)(i).

15          “(iii) OTHER PERSONS.—The persons  
16          described in this clause are—

17               “(I) individuals whose informa-  
18               tion is discrepant,

19               “(II) officers and employees of  
20               institutions of higher education (as  
21               defined in section 102 of the Higher  
22               Education Act of 1965) that admin-  
23               ister, or assist the Secretary of Edu-  
24               cation in administering, a grant, loan,

1 benefit, or work assistance program  
2 under title IV of such Act,

3 “(III) officers and employees of  
4 State agencies that administer a grant  
5 or work assistance program under  
6 subpart 4 of part A of title IV of such  
7 Act, and

8 “(IV) auditors engaged to per-  
9 form audits or reviews required under  
10 section 487(c) of such Act,

11 “(D) LIMITATION ON FULL REDISCLO-  
12 SURES RELATING TO MATERIAL DISCREP-  
13 ANCIES.—Information specific to an individual  
14 which is disclosed by the Secretary under sub-  
15 paragraph (A) may only be redisclosed to the  
16 individual whose information is discrepant and  
17 to the Department of Justice for purposes re-  
18 lating to the collection of overpayments of  
19 grants or loans provided under title IV of the  
20 Higher Education Act of 1965, including by  
21 means of litigation.

22 “(E) RESTRICTION ON USE OF DISCLOSED  
23 INFORMATION.—

24 “(i) IN GENERAL.—Information may  
25 be disclosed under subparagraphs (A)

1 through (C) only for the purpose of, and to  
2 the extent necessary to—

3 “(I) verify the information re-  
4 ported by a person described in sub-  
5 paragraph (F)(i) in connection with  
6 any application for grant, loan, ben-  
7 efit or work assistance under title IV  
8 of the Higher Education Act of 1965,

9 “(II) determine income contin-  
10 gent repayment amounts and sched-  
11 ules on an applicable student loan,

12 “(III) collect overpayments of  
13 grants or loans provided under title  
14 IV of such Act, including by means of  
15 litigation in the case of the Depart-  
16 ment of Justice, or

17 “(IV) audit title IV student as-  
18 sistance programs, as required under  
19 section 487(c) of such Act.

20 “(ii) INFORMATION LIMITED TO TAX  
21 YEARS REQUIRED.—Information disclosed  
22 under this paragraph shall be limited to  
23 the tax years required, in accordance with  
24 such Act and implementing regulations, to

1 carry out the purposes described in this  
2 paragraph.

3 “(F) DEFINITIONS AND SPECIAL RULES.—

4 For purposes of this paragraph—

5 “(i) PERSON DESCRIBED.—A person  
6 is described in this clause if the person—

7 “(I) has applied for grant, loan,  
8 benefit, or work assistance under title  
9 IV of the Higher Education Act of  
10 1965,

11 “(II) is seeking income contin-  
12 gent repayment on an applicable stu-  
13 dent loan,

14 “(III) in the case of an individual  
15 who is a dependent student and who  
16 has applied for the assistance de-  
17 scribed in subclauses (I) and (II), is  
18 the parent (as defined for purposes of  
19 title IV of such Act) of such indi-  
20 vidual, or

21 “(IV) in the case of an individual  
22 who is an independent student and  
23 who has applied for the assistance de-  
24 scribed in subclauses (I) and (II), is  
25 the spouse of such individual.

1 “(ii) MATERIAL DISCREPANCY.—The  
2 term ‘material discrepancy’ means, with re-  
3 spect to similar items in 2 sets of informa-  
4 tion—

5 “(I) a difference between such  
6 sets of not less than the greater of  
7 \$100 or one percent of the item  
8 shown on the return in the case of  
9 items described in subclause (II),  
10 (III), or (IV) of subparagraph (A)(ii),  
11 and

12 “(II) any difference between such  
13 sets of information in the case of  
14 items described in subclause (I) or (V)  
15 of subparagraph (A)(ii).

16 “(iii) APPLICABLE STUDENT LOAN.—  
17 The term ‘applicable student loan’  
18 means—

19 “(I) any loan made under the  
20 program authorized under part D of  
21 title IV of such Act, and

22 “(II) any loan made under part  
23 B or E of title IV of such Act that is  
24 in default and has been assigned to  
25 the Department of Education.



1           “(iv) EXCLUSIVE AUTHORITY.—For  
2 purposes of subsection (a), subsection (c)  
3 shall not be construed to be an authoriza-  
4 tion for any disclosure covered by this  
5 paragraph.

6           “(v) FUNDING.—Information may be  
7 disclosed under this paragraph only if  
8 there is in effect an agreement between the  
9 Secretary and the Secretary of Education  
10 under which the Secretary of Education  
11 makes periodic payments to the Sec-  
12 retary—

13                 “(I) to reimburse the Secretary  
14 for costs incurred in carrying out this  
15 paragraph, and

16                 “(II) to cover the cost to the Sec-  
17 retary of monitoring compliance with  
18 this section by the Secretary of Edu-  
19 cation in carrying out this paragraph.

20           “(vi) REFERENCES TO HIGHER EDU-  
21 CATION ACT OF 1965.—For purposes of  
22 this paragraph, references to the Higher  
23 Education Act of 1965 shall be treated as  
24 references to the Higher Education Act of

1           1965 as in effect on the date of the enact-  
2           ment of this paragraph.

3           “(G) TERMINATION.—This paragraph  
4           shall not apply to requests for disclosures made  
5           after September 30, 2008.”.

6           (b) CONFORMING AND OTHER AMENDMENTS.—

7           (1) Section 6103(a)(3) of such Code is amended  
8           by striking “paragraph (6), (12), or (16) of sub-  
9           section (l),” and inserting “paragraph (6), (12),  
10          (13), or (16) of subsection (l),”.

11          (2) Section 6103(p) of such Code is amended—

12           (A) in paragraph (3)(A) by striking  
13           “(13)”; and

14           (B) in paragraph (4) by striking “para-  
15           graph (6)(A), (12)(B), or (16) of subsection  
16           (l)” in the flush language at the end and insert-  
17           ing “paragraph (6)(A), (12)(B), (13), or (16)  
18           of subsection (l)”.

19          (3) Section 7213(a)(2) of such Code is amended  
20          by inserting “(13),” after “(12),”.

21          (c) EFFECTIVE DATE.—The amendments made by  
22          this section shall apply to requests for disclosures made  
23          after the date of the enactment of this Act.

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